

Roundtable on Financing for Development  
*Priorities and Deliverables for the Addis Accord*

May 22, 2015

IMF Headquarters, Washington DC

On May 22, 2015, the Intergovernmental Group of Twenty Four (G-24), the Brookings Institution and the United Nations Foundation hosted a private, informal roundtable on Financing for Development (FfD) ahead of the Third FfD Conference in Addis Ababa (July 13-16).

The discussion brought together intergovernmental representatives from Washington and New York, along with other stakeholders from international financial institutions and experts who have been intimately involved in the discussions. The goal of the roundtable was to facilitate an open exchange of views on the strategic priorities and main elements of the draft Addis Ababa Accord, including the most important deliverables to aim for at the FfD Conference.

The discussion was held under the Chatham House Rule. The agenda and list of participants are attached. This report provides key takeaways from the discussion.

### Key Takeaways

#### Political context

- **2015 represents an opportunity to craft a comprehensive and universal long-term plan for sustainable development.** This means helping people everywhere to raise their standards of living through decent work and productive livelihoods while preserving the planet for our children and future generations.
- **The Third FfD Conference in Addis Ababa is the first major multilateral test for 2015.** It will set the stage for political ambition on the Sustainable Development Goals (SDGs) to be adopted in New York in September, and the climate change agreement to be finalized in Paris in December. The Addis Accord will serve as an organizing framework for the international community, and the aim is to achieve something transformative.
- **To deliver, it will be essential to maintain a robust level of ambition and move beyond established positions.** Individually, countries must take a leadership role in delivering the policy and institutional frameworks needed to generate and attract the resources for their own development. Globally, collective action plays an equally significant role; reaching consensus on what it will take to collectively implement our development goals is a difficult but important step on the road to Addis.

- **The challenges are many:** what are the implications of a universal agenda for the future distribution of responsibilities? What are the implications of sustainable development, taking into account climate change? How do we expand the policy space and ensure an enabling environment at the domestic and global level for the SDGs?
- **The Addis Ababa Accord must lay out a global framework based on a shared commitment and responsibility to unlock all sources of financing** to catalyze actions towards implementing the SDGs. It must build upon the successes and lessons of the Monterrey Consensus, but also take into account the substantial progress made by developing countries and the changing global financing landscape.
- **The Accord will also need to be sufficiently comprehensive in its coverage and sufficiently robust in its architecture** to address multiple systems and dimensions of sustainable development financing while ensuring coherence at the national, regional and international levels. At the same time, there is a need to balance ambition and effective implementation.
- **Beyond the outcome document, Addis must deliver a message of partnership, recognizing that “the only type of development worth having is sustainable development”. We must energize the global community with a strong narrative that speaks to many audiences. This is essential to underpin implementation and action.**

#### **Deliverables for Addis**

- The post-2015 agenda cannot be implemented in a single motion. Nonetheless, there are a number of **cross-cutting and transformative ‘leading actions’ that could help move the long-term agenda forward**, including delivering on social protection and essential public services, scaling up efforts to end hunger, bridging the infrastructure gap, and boosting financial access for small and medium enterprises (SMEs).
- **In particular, a collective commitment to deliver social protection and essential public services for all would be historic.** It will be important to leave no one behind, and integrate disaster protection and resilience so as to be sustainable. Securing the necessary long-term funding must be done through enhanced collective resource mobilization, leveraging of private finance and targeted development assistance, moving away from a zero-sum game mindset. This speaks to the unfinished business of the MDG agenda.
- **Productive, sustainable agriculture will be transformative** for growth, jobs and ending extreme poverty. Addis must take us closer to putting the required partnerships in place to end hunger and malnutrition, and help raise the bar on the necessary science, technology and innovation.
- **Infrastructure is an overwhelming priority if we are to deliver on the SDGs**, including in agriculture, transport and energy. Delivering sustainable energy will be a critical component of this, especially for Africa. Transformative thinking and a new approach is needed in order to address the enormous deficits and mobilize financing of the necessary magnitude and characteristics. How can Addis set long-term expectations and move things forward in a meaningful, coordinated way? Although the public sector remains crucial, there is an important and growing role for the private sector in infrastructure investment. Leveraging

such resources will be a challenge. **The MDBs and NDBs (old and new) can play a critical role in this regard**, especially vis-à-vis long-term financing and risk mitigation. They can also help drive momentum towards the Climate Conference in Paris. **How can we strengthen their role and catalytic contribution?**

- **All sources of finance must be used smartly if we are to achieve the SDGs.** How can we make **south-south cooperation** more meaningful going forward, and enhance engagement between MICs and LDCs? How can we redirect the estimated \$5.7 billion per year in **fossil fuel subsidies** towards development?
- **The primary locus of responsibility for resource mobilization lies with countries, with the support of the global community.** To this end, growth will remain a sine qua non condition of sustainable development financing. Countries must focus on the fundamentals of growth, structural transformation and domestic and international enabling environments. Collective actions to facilitate global economic stability and an enabling financial system must be prioritized. It will also be important to ensure growth is sustainable, and to connect LDCs with the global economy in a more meaningful way.
- **Domestic resource mobilization is a central pillar of FfD and an engine for development.** It will be essential for countries to establish strong revenue foundations, improve institutional capacity and balance priorities for resource allocation. At the same time, the international community has a crucial role to play in fostering tax cooperation. Harmful tax practices, including illicit financial flows, corruption, base erosion and profit shifting (BEPS), and legal tax avoidance, have profound revenue implications for developing countries and must be addressed as a matter of priority.
- **Official Development Assistance (ODA) is a critical, but a diminishing component of the larger development financing flows.** Meeting past commitments is important, in conjunction with a more rigorous discussion of how to **deliver** ODA more efficiently and where it is needed most, particularly in LDCs. ODA must also be used in a catalytic way, with a focus on leveraging resources, as well as on infrastructure investment. **Non-financial means of implementation (MOI)** will also be crucial. This includes trade, technology, institution building, legal frameworks, data, systemic issues including macroeconomic coordination and financial stability, migration, debt, governance and representation of developing countries in IFIs.
- **Trade remains an unfinished agenda** and the promise of Monterrey and Doha has not been delivered. It is necessary to fold trade into the Addis agenda more explicitly, focusing on the mechanisms by which it supports development and outlining ambitious objectives that translate to tangible benefits across countries.
- **A dynamic framework of transparency and accountability** that allows for course correction throughout the post-2015 agenda timeframe will be needed.
- **We need to better engage the private sector, deepen our understanding of their incentives, and develop new norms and reporting standards for business.** How can Addis lend momentum to initiatives such as the Sustainability Accounting Services Board and the Extractive Industries Transparency Initiative?

## Next steps

- **It will be important to continue dialogues** in multiple settings to build trust in an era of change and uncertainty.
- **Washington institutions, with their analytic focus on foundational areas like growth, incentives and enabling environments, are critical to FfD.** They can also help link the ongoing negotiations to finance ministries and encourage Finance Ministers to participate in Addis.
- **After Addis, we will need a plan of action** that sets out a framework for ongoing delivery, with incentives to encourage cooperation in implementing the FfD framework, and the immediate priorities we need to finance.
- **The plan of action must engage other institutions and intergovernmental forums, including the G20 under Turkey's leadership, and the G7.** These will play an important role in implementing the FfD framework, with strong linkages on infrastructure, LDCs and tax cooperation.